The Assets Model of Community Development

Remarks made at the conference "Maximizing Returns on Community Investment"

Rainbow Research Inc.

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"Maximizing Returns on
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NOTE: The author welcomes suggestions on how to improve or expand this presentation, and how to support others' integration on these ideas with more effective community development. Please address correspondence to Steven E. Mayer, Rainbow Research, Inc., 621 West Lake Street, Minneapolis, MN 55408 or e-mail: RainbowResearch@MTN.org.

The Assets Model of Community Development

Thank you, Mayor Péna, and thank you, Colorado, for such a warm welcome. I'm sure John McKnight is greatly aggrieved that he can't be with you today. This topic and this audience [300 public and private sector "investors in community development" — banks, foundations, public agencies, and United Ways] means a great deal to him. Let's wish him a very speedy recovery [from triple by-pass surgery undergone the week before].

> John McKnight is most known for encouraging the human and social services and the community development fields to restructure their thinking, away form what he calls the ***deficit*** model to the ***assets*** model.
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> He likes to use the imagery of a glass of water that's half-full — or is it half-empty? The deficit model's adherents, who form the vast majority of the human and social service sector professionals and volunteers, see people and communities as half-empty — broken down, suffering problems, pathologies, deficiencies, and needs. These people need fixing, says the model, so we have programs that do that, programs whose very name suggests deficiency: corrections programs, treatment programs, rehabilitation programs, therapy programs — the gamut of "social welfare" programs.
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> Assets model adherents, which *should* include the world of investors and funders, see the glass as half-full. In this view, people and communities have resources and assets, skills and capacities, but for a variety of reasons their

development is stunted and kept down. Economists (and I have to say I'm not an economist, but an organizational psychologist; most of what I've actually understood about economics I learned from Paul Pryde) say it's various kinds of market failures that keep investment in poor communities from working at the level they do in less-poor communities.

So, in summary: In the assets model, people and communities are recognized as having assets and resources that can be developed — but in the deficit model, people and communities are recognized as having insufficiencies and incapacities that respond only to care, compassion, and expertise delivered by "service delivery professionals."

Funding the deficits model, and McKnight would say United Ways, the agency system of social work, and most public welfare programs epitomize the deficit model, is in fact an investment in which the major beneficiaries are social workers and nonprofit administrators, and in which poor people and poor communities are maintained in a state of dependent clientage (in fact, the phrase "dependent clientage" is redundant; the very word "client" means "dependent" [via "incline," or "lean"]).

While McKnight acknowledges that poor people and communities do have needs that should be taken care of (the glass is both half-full and half-empty), he says one *can't build community* by investing only in servicing needs. Giving clothing, food, even a house, or even a therapy does not result in a more evolved community. What one has to do to build community, he says, is start with a view of the *productive assets* of the community — what its people have and can do rather than what they do not have and cannot do — and invest further in those assets, so that people can increasingly give needed products and services to each other, and so the value, assets and the "stock" of the communities, so to speak, goes up.

Most people, when they hear McKnight's talk, have one of two reactions:

1. abject fear and indignation among those in the human services as they hear the very premises of their profession and livelihood attacked (John's latest article is entitled "Services are bad for people: you're either a citizen or a client" [Organizing, Spring/Summer 1991]);

2. hope, upon seeing a glimpse of the way out of the terrible morass that concerned citizens, including the poor among us, find ourselves in. Investing in potential, in resources, in assets sounds so much more *positive*, more American, and, not so incidentally, more Republican, or at least more compatible with the kind of diminished public funding that Republicans and Democrats alike see as inevitable for a long time to come.

Even though John probably intends to cultivate both these reactions, let's deal with the hopeful side.

> It turns out that most people do resonate to the image of the glass as half-full; it's a potent image, loaded with possibilities. But for a number of reasons, there are lots of societal pressures that maintain the glass-as-half-empty image. McKnight is eloquent in enumerating those — leading the list is the mega-multi-billion dollar human service industry, supported by universities and the professionals' organization — but I think the discussion, here and elsewhere, has to move now to a different level, a level that allows the *theory* of the assets model to be put into practice.
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> The discussion usually gets really bogged down and flounders at this point. While people feel the hope and sense of possibility of McKnight's message, we're stymied by wondering how to begin the transition from the deficits model to the assets model. The assumptions and momentum of the deficits model are so strong that they stifle progress in exploring the assets model.
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> But I think it's imperative that we spring ourselves from the clutches of the deficits model. I think that if we survive this century and the next, it's because we'll have found a way to employ the potential of the assets model.

It's at a point in my presentation, having stayed close to what I understand to be McKnight's views, that I'll take a separate path. Unlike McKnight, I don't believe we have to dismantle the *entire* system that's been inspired by the deficits model. Parts of it are worth keeping — the parts that are genuinely charitable. I think that one of the real assets of this nation is its deep store of charitable instincts, which is tapped by campaigns that keep our attention on many of the things that people genuinely "need": food, clothing, shelter, safety, health, respect, and a means of livelihood.

But the *way* in which these needs are serviced — the way of human service and public welfare programs — are often neither developmental nor genuinely charitable, but are genuinely hurtful, and our colleague Bob Woodson [National Center for Neighborhood Enterprise] has just spoken eloquently on that subject [as did Bob Friedman, Corporation for Enterprise Development, next panelist].

We often see the so-called humans service delivery system deliver hurt, shame, and chronic dependence on professionalized services as an unintended (we hope) but frequent companion to the delivery of many so-called "human or social services." This happens especially when these services are grounded in the deficits model, which unfortunately it almost entirely is. When people are viewed and treated by "human service providers" as only or even primarily incapable, incomplete, broken down, victimized, pathological, problematic, needy, etc., then the human and social services is *not* a model for community development. In fact it undermines and works against the development of healthy community. Nor, we would add, is it a model of charity.

What we do have to do, I believe, is recognize that *providing individuals with relief* from the ravages of today's economic and cultural climate, while a necessary activity that we as a nation must undertake, is a different sort of activity than *developing the capacity of local communities to sustain themselves*. The human and social services want to pursue the former goal, but in so doing neglect the second goal. Both McKnight and I agree that investing private and public capital and other resources in pursuit of the second goal both develops healthy local communities and in so doing, reduces the need for relief efforts.

In other words, investing in relief efforts and investing in community development are two very different investment goals, to be pursued by very different strategies. Relief efforts should be pursued charitably, and development should be pursued developmentally. Relief and development goals and strategies can and should exist productively side-by-side, much as an individual's portfolio of personal investments can reflect different strategies that pursue the different goals of "income" and "growth."

In an effort to help investors — and it's fascinating to me that today's audience of almost 300 is almost entirely "investors" from the public and private sector throughout Denver and much of Colorado — begin to make the transition from practicing the deficits model to practicing the assets model, I'd like to advance three positions:

1. ***Community development hinges on two things: investment, and innovation.***

   Without investment, nothing gets developed. And without innovation, nothing gets changed. We need lots more of both.

   Investment takes many forms: money, time/effort, and support. Return on investment takes many forms as well, but a major one is that the assets of the community are increased.

   Investment, if done right, does two things: (a) It results in a product or service; (b) Most important, it results in an increased capacity for further production. This second part is typically ignored, but is the most important source of increased capacity.

   For example, if a firm from Los Angeles gets an opportunity and the finances to build housing in the Five Points neighborhood of Denver, Five Points gets housing, but no increased capacity to build more housing. If a firm in Five Points gets that same investment, then Five Points gets housing *and* increased capacity to build more housing. Furthermore, the opportunity to build more housing is more likely because the neighborhood can use this capacity to attract further investment. This, of course, is the way investment works in the private sector — capacity begets opportunity begets investment begets capacity.

What is "capacity"? Skills, know-how, experience, capital, organizational or task know-how, political clout, respect, wherewithal, values, tradition, the right stuff, etc. One can legitimately speak of personal capacity, organizational capacity, and community capacity.

Why isn't there more investment? Because there are barriers to investment: risk (real and perceived, including insidious and institutionalized forms of prejudice), lack of information, cost of making investments, public policy deficiencies, lack of entrepreneurial skills.

Innovation is the ingredient needed to overcome barriers, and like investment must be encouraged and rewarded. The role of public policy in creating incentives (and disincentives) for innovation and investment is enormous, and must be considered one of the most key points of leverage if change is to happen.

2. *Everybody and every group of bodies has something to invest.*

Most people tend to think of "investments" as financial commitments made by financiers. But investment takes many forms, not just money, and can be made by anyone, not just financiers. In fact, investments are made all the time, every time that anyone writes a check for groceries or daycare.

Non-financial capacity-building investments include *any action* by a parent, neighbor, or employer (and all of us fits one of those roles) that serves to increase the competence, experience, or resources available to a child, neighbor, or worker.

Furthermore, each of us is part banker, part parent, part neighbor, part employer, part social worker — and from each of these roles we can invest something that can, if done wisely, increase the capacity of our communities.

3. ***The goal of investment should be to increase the productive capacity of the community, not <u>just</u> deliver a product or service.***

How does one increase the community's productive capacity? Here I'd like to lay out some steps to be taken in converting one's investment strategy from the deficits model to the assets model.

Start by conducting an "opportunity assessment," the assets model counterpart of a "needs assessment." Instead of discovering all the needs and problems the beset a community, the challenge is do discover what the community's assets or capacities are. What can its people do well? List them out, inventory them. John McKnight's colleagues at Northwestern have developed a tool for inventorying individuals' capabilities, and we at Rainbow Research are working on one to describe organizations' capabilities.

Then find out, with input from the community and its organizations, what will help advance the community's assets or capacities still further. If community residents and their organizations know how to build single-family houses, how can this asset be developed and expanded? What makes sense as an investment opportunity?

What kind(s) of investment will help the community achieve the more advanced state of development? What mix of capital, time/effort, and support will not only deliver a worthwhile service or product, but will also leave in place a more advanced organization/community to produce even more worthwhile services and products.

How does this investment need to be structured to overcome the kinds of barriers to investment often experienced by that community? What incentives can be called on to overcome these barriers?

Obviously, each of these themes can be greatly expanded. This is just to help you get started with the transition. You will probably discover (if you haven't already) that it's tough to stay on that road, the seduction of the deficits model is just so strong.

> Actually the place to begin is with your own eyes and ears. The assets and deficits model are really "world views," and the place to start is with changing your own perceptional filters from the deficits model to the assets model. You may be disappointed that there's no magic button to push, form to fill out, or pill to give your trustees.
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> I suggest you start by constructing a different image of the next "client-type" person you see; instead of making a mental list of all the things that he or she cannot do, make one of all the things that he or she can do. You could even ask this person some questions designed to discover what he or she likes to do or is good at (or for starters, perhaps, used to like to do or be good at).

Here are a few "litmus tests" to help investors stay true to the assets model as it relates to community development:

> In what ways will the investment increase the capacity of both individuals and the community? If it benefits individuals only as individuals, then the investment serves "personal development," not community development. Most human services (including education and health) as presently constituted serve personal development, and only assumes that the community is ultimately served.
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> Will the investment reduce by some increment the dependency of a community on outside resources (by vesting them more with resources they can manage)? In other words, will this investment reduce the community's need for imports of resources, and increase the level of production possible by resources within the community?
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> Will it be easier for the community to produce the same amount next time more efficiently?

Will this investment (or the products and services that result) help attract additional resources for community development?

Good luck and best wishes as you begin this exciting transition! The fact that such a conference was held with such broad institutional support and such tremendous attendance says this community is ready to make the move.

Our mission is to help increase the effectiveness and impact of socially concerned organizations in responding to social problems. We work in support of organizations and communities to help them achieve their goals.

Your organization and community can experience these results from participation in Rainbow Research activities – tailored studies, workshops, and partnerships – and use of our tools and publications.

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- **New Genres for Communicating Evaluation Findings;** by Rainbow Research Inc.; *9 pages (1991); #302 - $2.50*
- **Growth Factors in the Development of Community Foundation: A Study Guide for Technical Assistance;** by Steven E. Mayer; *53 pages (1988); #082 – $15.00*

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